

Democrats Meet Republicans Halfway: When Will Republicans Agree to Cut and Compromise?

Democrats agree with Republicans that we must cut spending and are committed to working with them to reach a compromise so that we can reduce spending while protecting investments that create jobs and grow the economy. Republicans have asked for \$100 billion in cuts and Democrats have nearly met them halfway: \$45 billion has been cut so far, with \$41 billion in the Continuing Resolution passed in December and \$4 billion in the short-term Continuing Resolution signed into law yesterday. It's now up to Republicans to stop punting and work towards a real solution. They must abandon the reckless cuts to critical investments in their spending plan, which leading economists warn will harm economic growth and not seriously address the deficit:

Federal Reserve Chairman Ben Bernanke: “Our sense is that the 60 billion dollars cut spread out in the normal way would reduce growth. But we think given the size it's one to two tenths [of a percentage point reduction to gross domestic product], about a couple hundred thousand jobs,’ he told the House Financial Services Committee. ‘It's not trivial.’” [Politico, [3/2/11](#)]

Over 300 Leading American Economists: “As economists, we believe it is short-sighted to make budget cuts that eliminate necessary investments in our human capital, our infrastructure, and the next generation of scientific and technological advances. These cuts threaten our economy's long-term economic competitiveness and the strength of our current economic recovery... Investment is the cornerstone of economic growth and the key to our long-run national prosperity. It creates jobs now and lays the foundation for long-term economic growth and a strong middle class. As Congress begins to debate the federal budget, it must be careful to sustain critical investments in the productive capacity of the United States.” [Letter to Congress, [3/2/11](#)]

Moody's Analytics: “A Republican plan to sharply cut federal spending this year would destroy 700,000 jobs through 2012, according to an independent economic analysis set for release Monday. [Mark] Zandi [Moody's Analytics' economist], an architect of the 2009 stimulus package who has advised both political parties, predicts that the GOP package would reduce economic growth by 0.5 percentage points this year, and by 0.2 percentage points in 2012, resulting in 700,000 fewer jobs by the end of next year.” [Washington Post, [2/28/11](#)]

Goldman Sachs: “The more federal spending Congress slashes this year, the greater the potential drag on economic growth, according to a new analysis from Goldman Sachs. In a research note, economists at the Wall Street bank estimate that the House GOP's spending bill -- which would cut \$61 billion between March and Sept. 30 -- could reduce economic growth by 1.5 percentage points to 2 percentage points in the second and third quarters...” [Financial Times, [2/23/11](#)]

Economic Policy Institute: “Non-security discretionary cuts of this magnitude would likely result in job losses of just over 800,000.” [EPI, [2/15/11](#)]